

INCOMING CABLEGRAM

ECONOMIC COOPERATION ADMINISTRATION

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1. Coal is aidaw* at temperatures below freezing and therefore deteriorates rapidly upon exposure to air. For this reason:

(A) Coal of quality coming directly from Svalbard has limited uses in Nor and cannot (rpt not) be substituted for coal of quality imported from US, Poland, UK and other sources.

(B) Since coal continues to deteriorate during storage it is economical to store only small quantities for later use. Short shipping season prevents deliveries from Svalbard as coal is needed. Until successful briquetting process developed and plants constructed and operating, Norwegian uses for Svalbard coal will continue limited. These problems discussed at length ref B.

2. Mission believes Norway shld be encouraged to increase Svalbard coal production in spite of tech reasons limiting domestic uses. Any coal mined in excess of Norway's needs for this quality and exported to other Western Eur countries (e.g. Swed and Den) reduces reliances of Western Eur as a whole on US coal. Desirability of such exports appear obvious as to hardly appear arguable, even though Norway buy large quantities of dollar coal at same time. Where tech qualities of a product limit its uses, it shld be utilized where greatest return (here in terms of heat units) can be obtained regardless of country in which produced.

3. Mission requests OSR and Copenhagen comments re possibility of meeting Danish coal needs for thermal plants through purchases from Svalbard. Stationary plants (almost nonexistent in Nor) appear to us to offer most economical possibilities for utilizing coal of type available from Svalbard. Moreover, old storage problem not (rpt not) be overcome by storing coal under water at thermal plants near sea to prevent disintegration

during storage?

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during storage? In view of (a) substantial amount of dollar aid proposed for Denmark to meet needs for coal from US, and (b) Norwegian ability to meet at least part of these needs, mission feels exhaustive study possibilities shld be undertaken soonest.

References to follow.

AB:RCC

GROSS

NOTE: * As received correction to follow.

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